

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 57 - SB 239

February 2, 2023

SUMMARY OF BILL: Makes various changes to the *Insurance Holding Company System Act of 1986*. Requires certain insurers to file with the Commissioner of Commerce and Insurance (DCI) an annual group capital calculation in accordance with the National Association of Insurance Commissioners' (NAIC) guidelines. Creates filing exemptions for certain insurers regarding the annual group capital calculation requirement.

Requires certain insurers subjected to registration and also scoped into the NAIC liquidity stress test framework, to file the results of a specific year's liquidity stress test with the Commissioner of DCI in accordance with the procedures within the financial analysis handbook adopted by the NAIC.

Authorizes the Commissioner of DCI to require an insurer deemed to be in a hazardous financial condition to secure and maintain either a deposit, to be held by the Commissioner, or a bond, for the protection of the insurer for the duration of the contracts or agreements, or the existence of the condition for which the Commissioner required the deposit or the bond.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- NAIC is the U.S. standard-setting and regulatory support organization created and governed by each state's chief insurance regulators. Through the NAIC, state insurance regulators establish standards and best practices, and coordinate regulatory oversight of multistate insurers.
- DCI will comply with any updated guidelines implemented by NAIC as it is necessary to maintain the department's accreditation status with NAIC.
- DCI can meet all requirements of this legislation utilizing existing resources during regular work hours.
- According to the Division of TennCare, affected Managed Care Organizations would need to update their reporting processes to follow the new NAIC standards but can do so within existing resources without any impact to state government.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- The provisions of the proposed legislation are not estimated to result in any significant impact to jobs or commerce in Tennessee.
- Businesses newly required to file with the Commissioner of DCI an annual group calculation or liquidity stress test results are estimated to be able to do so without any additional business expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/lm